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The Director of Central Intelligence

Washington, D.C. 20505

NIC-03225/88
27 October 1988

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Robert Blackwell
National Intelligence Officer for USSR

SUBJECT: October Warning and Forecast Report

1. Autonomy in the Baltic? The Soviet Nationalities Policy Experiment in the Baltic

A. Discussion: There was substantial agreement with CIA/SOVA's view that Soviet nationality policy in the Baltic is a risky experiment with potentially far reaching implications for the Soviet Union, the region, and Gorbachev.

Soviet Objectives. Moscow's radical approach toward dealing with increasing pressures for change from within the Baltic appears designed to gain legitimacy for Soviet rule and serve perhaps as a test bed for perestroika in the formulation of a coherent nationality policy.

-- To this end, Moscow has so far sanctioned creation of Popular Fronts encompassing a broad spectrum of political opinion and even encouraged the challenge to the old order by replacing Brezhnev era elites with officials much more willing to address local grievances (recognition of native languages, local economic autonomy, and Russian immigration) and lead the reform effort.

-- Gorbachev clearly hopes that this increased latitude for local elites will encourage an aggressive implementation of economic reforms in the Baltic where the social and economic conditions are most favorable to such reforms and will demonstrate the advantages of this course for the state and Soviet people.

Disruption Inevitable. While Gorbachev and his associates apparently calculate that they can maintain order in the Baltic republics, these policies have encouraged forces in the region that will be difficult for the regime locally or in Moscow to manage and that could easily get out of hand. Among others:

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there is substantial risk that local authorities will be unable to control the Popular Fronts much as the Polish regime failed to manage Solidarity and that separatist elements will use them to legitimize their politically unacceptable demands.

by accommodating minority grievances, Moscow is courting increased tensions between native populations and Russian immigrants that could potentially spark communal violence with much broader ramifications than the simmering conflict between Armenians and Azerbaijanis.

permitting greater autonomy for Baltic peoples will encourage larger and politically more important minorities such as the Ukrainians to press Moscow for similar rights, something Moscow does not appear willing to tolerate.

Implications. As in other areas of Soviet domestic life, Gorbachev is pursuing policies that we never expected to see and that we believe could pose serious dangers to him and perhaps the Soviet system. By searching for new models for nationality and center/periphery relations, he is headed into uncharted water. Neither he nor we can now predict how developments will unfold, whether they will permanently affect the operation of the Soviet system, or if the turmoil will lead to retrenchment and reimposition of order.

If nothing else, the Baltic experience has already demonstrated how far things can go when Moscow loosens its hold on the leash; it is doubtful that it can be halted there or ultimately elsewhere in the USSR without a strong grip from Moscow.

Considerable social, economic, and political turmoil is inevitable if they stay on the present course. Gorbachev is running the risk that positive results will tide him over the rough spots and that expectations of nationality groups can be kept within realistic bounds.

Of all his gambles, this seems to be the greatest. However successful he is in packing the leadership, it is doubtful that he could ride out the storm if perestroika becomes identified with disorder and instability.

B. Warning: Soviet nationality policy has not been firmly set. The failure to hold a Central Committee plenum on the subject indicates that the leadership has yet to work out an acceptable approach, in part due to internal disagreements. Substantial adjustments/alterations are possible, especially as the impact in the Baltic becomes more apparent. Different policies are likely to be evident in different areas with the regime using both concessions and repression as the situation warrants. For now Gorbachev probably has the will and political muscle to manage the fallout as it comes. Down the road, however, this issue, perhaps more than any other, has the potential to create political conditions for his removal.

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2. Soviet Policy in the Third World and East-West Relations

A. Discussion: An exchange of views led off by DIA suggests that the extent of change in Soviet policy in the Third World remains a matter of debate within the intelligence community. While some analysts emphasize what has changed, and others emphasize what hasn't, there appears to be substantial agreement on the following conclusions:

The Third World ranks relatively low in Gorbachev's priorities. Relations with the United States, West Europe (essential to the success of Gorbachev's domestic reform program) and Japan take first priority with China running a close second. Moscow acknowledges that its aggressiveness in the Third World harmed its broader interests with the West in the late 70s and wants to avoid such a problem now.

Soviet policy in the region under Gorbachev is more pragmatic and less encumbered by ideological blinders. Practical considerations (who can offer the trade and technology they need for domestic modernization) will play a larger role. They will place more emphasis on newly industrializing countries (such as South Korea and Taiwan) and other pro-Western states (such as Israel, Saudi Arabia and Egypt), and less on potentially unstable and bankrupt leftist regimes.

The Soviets are not abandoning existing clients (except Afghanistan); the flow of assistance remains at high levels and Moscow will continue to provide what it believes is necessary to keep existing clients afloat.

Moscow will be more judicious, however, with its economic and military assistance and more willing to exert pressure on its clients to change their domestic and foreign policies if doing so is seen as serving larger Soviet interests.

The USSR will be more cautious than in the past about supporting military solutions to regional conflicts and more willing to back negotiated arrangements.

The Soviets are not abandoning the Third World to the West. On the contrary they are more active than ever. They continue to see it as a region of varying degrees of rivalry and competition with the United States. A more pragmatic approach could mean increased willingness to participate in cooperative approaches to resolve regional conflicts and to more carefully take Western interests into account as they formulate their strategies.

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Outside Attendees

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